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## Morning Comments January 15, 2009

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The heavy volume in USO is what attracted us to watching crude and now getting long. After the protracted downtrend this extreme and consistent volume is an attempt to clear the market indeed real size is going up here. We will work off the action in the RSI line which having shown strength in the recent rise is now attempting to establish support and regain its strength. Use stops under 42.40 in march to protect. Traders everywhere are attempting to close the massive contango now present and we have little doubt they will eventually succeed despite hand wringing and despair over storage possibilities in the press.

Tertiary currencies in general remain under heavy pressure with many breaking towards new lows v. the dollar in the midst of generally bearish technical conditions reflecting the swift return of global risk aversion and fear. The EUR yen cross is attempting to stabilize at the bottom of its consolidation range as DXY continues to test resistance against its recent top. Breakouts here would likely spell new lows for equity worldwide. Spot gold is taking a bounce off its 50dMA until the currency picture is resolved.

The junk bond ETFs have come off a bit while high grade credit has remained stubbornly well bid. We expect to be getting some levels together for you in the next few days as another long trade in junk is setting up quickly. Volume is picking back up in HYG and JNK while TNX has settled into its exhaustion gap reflecting fear and loathing in credit markets. We look for TNX to start to rally off this support level immediately.

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The results presented should not and cannot be viewed as an indicator of future performance.  
Charts courtesy of Bloomberg Finance L.P.



CL2 ↓ **44.47** +.28 S S 44.47/44.49 S 2x1 ComdtyGIP

At 8:20 Vol 28,455 Op 44.45 Hi 45.27 Lo 43.10 Prev 44.19

**30-DAY CHART** CL2 -- Generic 2nd 'CL' Future 18:00-17:15 Trade 8:20

Hi 45.27 Lo 43.10 Op 44.45 #Ticks89062 8:20 ↓ **44.47** +.28



CL2 ↑ **44.82** +.63 S S 44.81/44.84 S 1x7 Comdty**GIP**

At 8:03 Vol 22,388 Op 44.45 Hi 45.27 Lo 43.10 Prev 44.19

**30**-DAY CHART CL2 -- Generic 2nd 'CL' Future **13:00-17:15** Trade 8:03  
 Hi 45.27 Lo 43.10 Op 44.45 #Ticks87536 8:03 ↑ **44.82** **+.63**



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